

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

**Before the Commissioner of the Office of Financial and Insurance Services
In the Matter of: Enforcement Case No. 04-2978**

Cornerstone Ministries Investments, Inc.
2450 Atlanta Hwy, Suite 904
Cumming, GA 30040

Cecil Brooks, President
Cornerstone Ministries Investments, Inc.
2450 Atlanta Hwy, Suite 904
Cumming, GA 30040

John T. Ottinger, Jr., Vice President & Chief Operating Officer
Cornerstone Ministries Investments, Inc.
2450 Atlanta Hwy, Suite 904
Cumming, GA 30040
CRD No. 2493747

Jack Wehmiller, Director
Cornerstone Ministries Investments, Inc.
2450 Atlanta Hwy, Suite 904
Cumming, GA 30040

Wellstone Securities, LLC
6030 Bethelview Rd., Suite 101
Cumming, GA 30040
CRD No. 121559

Respondents.

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CONSENT ORDER AND STIPULATION

Issued and entered
on the 3rd day of October, 2005
by Linda A. Watters
Commissioner

I. CONSENT ORDER

A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Cornerstone Ministries Investments, Inc. (“Cornerstone”) is a foreign corporation incorporated under the laws of the State of Georgia having its principal place of business located at 2450 Atlanta Highway, Suite 904, Cumming, Georgia 30040.
2. Cecil Brooks (“Brooks”) is Cornerstone’s President.
3. John T. Ottinger, Jr. (“Ottinger”) is Cornerstone’s Vice President and Chief Operating Officer.
4. Jack Wehmiller (“Wehmiller”) is a Director of Cornerstone.
5. Wellstone Securities, LLC (“Wellstone”) is a foreign limited liability company organized under the laws of the State of Georgia having its principal place of business located at 6030 Bethelview Road, Suite 101, Cumming, Georgia 30040. Wellstone is engaged in the business of securities broker-dealer, is registered as a broker-dealer under the Michigan Uniform Securities Act, 1964 PA 265, as amended, MCL 451.501 et seq. (the “Act”), and holds CRD No. 121559.
6. From April 2002 through August 2002, Wehmiller was Wellstone’s President. From November 2002 through the present, Wehmiller has been a registered representative of Wellstone and holds CRD No. 501286.
7. Wellstone was identified as the lead underwriter for the securities offered by Cornerstone that constitute the basis for this Enforcement Case.
8. On or around May 6, 2003, Cornerstone filed a Form U-1 Uniform Application to Register Securities (the “2003 Form U-1”) with the State of Michigan, Office of Financial & Insurance Services (“OFIS”). The 2003 Form U-1 sought to register 5,000 Series “E” Certificates of Indebtedness at an offering price of \$100.00 each, together with 15,000 shares of Common Stock at an offering price of \$6.50 per share (collectively, the “2003 Securities Offering”).
9. On or around September 7, 2004, Cornerstone filed a Form U-1 Uniform Application to Register Securities (the “2004 Form U-1”) with OFIS. The 2004 Form U-1 sought to register 5,000 Series “F” Certificates of Indebtedness at an offering price of \$100.00 each (the 2004 Securities Offering). The 2003 Form U-1 and the 2004 Form U-1 are collectively referred to hereinafter as the “U-1 Forms.”
10. On or around March 4, 2004, Cornerstone filed a Pre-Effective Amendment No. 9 to Form SB-2 Registration Statement (the “March 4, 2004 Form SB-2”) with the U.S. Securities & Exchange Commission (“SEC”) for the purpose of registering the 2003 Securities Offering.
11. On or around August 27, 2004, Cornerstone filed a Form SB-2 Registration Statement

(“the August 27, 2004 Form SB-2”) with the SEC for the purpose of registering the 2004 Securities Offering. The March 4, 2004 Form SB-2 and the August 27, 2004 Form SB-2 are collectively referred to hereinafter as the “SB-2 Forms.”

12. The Prospectuses submitted with the SB-2 Forms each state that Cornerstone’s securities “have been approved for listing on the Chicago Stock Exchange, under the symbol ‘IHN’.”
13. The U-1 Forms that Cornerstone filed with OFIS incorporate by reference the statements contained in the SB-2 Forms and the Prospectuses submitted therewith, including but not limited to the “approved for listing” statements.
14. Following inquiries by OFIS regarding the statements made in the 2004 Form U-1, the Chicago Stock Exchange issued a letter dated December 3, 2004 refuting Cornerstone’s statement that its securities were approved for listing on the Chicago Stock Exchange. Subsequent letters from the Chicago Stock Exchange indicate that Cornerstone’s securities were conditionally approved for listing, subject to meeting certain listing requirements.
15. On December 16, 2004, OFIS Chief Deputy Commissioner Frances K. Wallace entered a Corrected Order of Denial of Effectiveness of Registration of Securities denying the registration of Cornerstone’s 2004 Securities Offering.
16. On December 16, 2004, OFIS Chief Deputy Commissioner Frances K. Wallace entered an Order of Denial of Request to Withdraw Application for Registration of Securities denying Cornerstone’s December 15, 2004 request to withdraw its 2004 Form U-1.
17. Although the 2003 Form U-1 had been previously approved by OFIS and, consequently, the 2003 Securities Offering had been registered with the State of Michigan, on February 18, 2005, OFIS Deputy Commissioner Joyce A. Karr entered a Stop Order Summarily Suspending Effectiveness of Registration of Securities (the “Stop Order”). The Stop Order was entered based upon OFIS’ subsequent discovery, during the course of its investigation of the 2004 Form U-1, of the “approved for listing” statement contained in the March 4, 2004 Form SB-2. The Orders entered on December 16, 2004 and the Stop Order are collectively referred to hereinafter as the “Orders.”
18. On February 23, 2005, Cornerstone filed a Request for Hearing praying that the Commissioner of OFIS vacate the December 16, 2004 Corrected Order of Denial of Effectiveness of Registration of Securities and the December 16, 2004 Order of Denial of Request to Withdraw Application for Registration of Securities.
19. By letter dated March 2, 2005, Cornerstone requested a hearing on the February 18, 2005 Stop Order, and further requested an informal conference to address all of the issues involving Cornerstone’s securities offerings.
20. On July 7, 2005, an Informal Conference was conducted between the parties regarding the allegations asserted in this Enforcement Case, together with the related allegations asserted in Enforcement Case No. 04-2980, In the Matter of Wellbrook Properties, Inc., et al.

COUNT I – MAKING AN UNTRUE STATEMENT OF A MATERIAL FACT.

21. Cornerstone, as issuer of the 2003 and 2004 Securities Offerings, together with its officers and directors (Respondents Brooks, Ottinger and Wehmiller), knew or reasonably should have known upon proper investigation that its securities were not approved for listing on the Chicago Stock Exchange at the time the U-1 Forms were filed with the State of Michigan.
22. Wellstone, identified as the lead underwriter for the 2003 and 2004 Securities Offerings, knew or reasonably should have known upon proper investigation that Cornerstone's securities were not approved for listing on the Chicago Stock Exchange at the time the U-1 Forms were filed with the State of Michigan.
23. Respondents Cornerstone, Brooks, Ottinger, and Wehmiller (collectively referred to hereinafter as "Respondents") making of an untrue statement of a material fact and/or omission of a fact necessary in order to make the statement made not misleading in connection with the offer and/or sale of the 2003 and 2004 Securities Offerings constitutes a violation of Section 101(2) of the Act, MCL 451.501(2).

COUNT II – FALSE AND MISLEADING STATEMENTS.

24. By failing to explain that Cornerstone's securities were not unconditionally "approved for listing" on the Chicago Stock Exchange at the time the U-1 Forms were filed, Respondents made or caused to be made, in the U-1 Forms filed with OFIS, a statement that was false or misleading in a material respect at the time and in light of the circumstances under which it was made, in violation of Section 404 of the Act, MCL 451.804.

COUNT III – FILING AN APPLICATION FOR REGISTRATION CONTAINING A FALSE OR MISLEADING STATEMENT WITH RESPECT TO A MATERIAL FACT.

25. Respondents' making or causing to be made the statement in the U-1 Forms that Cornerstone's securities were "approved for listing" on the Chicago Stock Exchange, which statement was false or misleading in a material respect at the time and in light of the circumstance under which it was made, constitutes grounds for, among other things: (a) the suspension or revocation of securities agent and broker-dealer registrations or censure of such registrants, where applicable; (b) the denial or revocation of exemptions pursuant Section 408(c) of the Act, MCL 451.808(c); the imposition of civil penalties against Respondents, pursuant to Sections 204(g) and 408(d) of the Act, MCL 451.604(g) and 451.808(d), respectively; and the issuance of a cease and desist order, pursuant to Section 408(a) of the Act, MCL 451.808(a).

B. ORDER

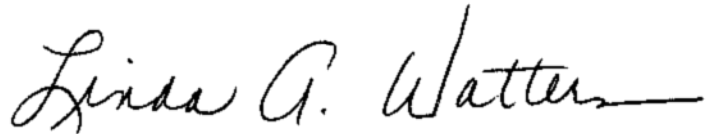
Based upon the findings of fact and conclusions of law set forth above and Respondents' and Wellstone's stipulation thereto, it is ORDERED that:

1. Respondents shall cease and desist from violating the Act, including but not limited to Sections 101(2) and 404 of the Act, MCL 451.501(2) and MCL 451.804, respectively, by refraining from making untrue, false or misleading statements in connection with the offer and/or sale of any security in Michigan and/or in any document filed with OFIS.
2. Based upon Respondents' violations of the Act, and because the Administrator finds that it would be in the public interest, Cornerstone's exemptions under Sections 402(a)(1), (6), (7), (8), (9) and (10) and Section 402(b) of the Act are hereby revoked for all purposes provided under Section 408(c) of the Act, including but not limited to Cornerstone's right to sell exempt securities or engage in exempt transactions in the future absent compliance with the registration provisions of the Act.
3. Respondents shall provide notice, in substantially the form of the document attached hereto as Exhibit A (the "Notice"), to all citizens of the State of Michigan, whether individuals or business organizations, that purchased the 2003 and/or 2004 Securities Offerings (the "Michigan Investors"). The Notice shall inform the Michigan Investors that the statement that Cornerstone's securities were "approved for listing on the Chicago Stock Exchange" contained in the Prospectuses for such Securities Offerings may have violated section 101(2) of the Michigan Uniform Securities Act (the "Act"), which makes it unlawful for any person in connection with the sale of any security to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading. The Notice shall further convey to the Michigan Investors Cornerstone's offer to refund the consideration paid for such securities, together with interest at the rate of 6% per year from the date of payment, less the amount of income received on the security, upon the investor's request and tender of the security back to Cornerstone, as provided by Section 410(a) of the Act, MCL 451.810(a). Upon the request and tender-back of the security by any Michigan Investor so notified, Respondents shall promptly remit any amounts due and owing to the Michigan Investor pursuant to the foregoing calculation.
4. Within thirty (30) days after the date this Consent Order is issued, Respondents Cornerstone, Brooks, Ottinger, and Wehmiller shall pay to the State of Michigan, through the Office of Financial and Insurance Services, a civil penalty in the total amount of Four Thousand and 00/100 Dollars (\$4,000.00). Such payment shall be made via certified U.S. funds, and may be remitted to OFIS directly c/o William Peattie, or to co-counsel for OFIS, Assistant Attorney General Christopher L. Kerr. Respondents Cornerstone, Brooks, Ottinger, and Wehmiller shall be jointly and severally liable for the payment of this civil penalty.
5. Within thirty (30) days after the date this Consent Order is issued, Respondent Wellstone shall pay to the State of Michigan, through the Office of Financial and Insurance Services, the total amount of Five Hundred and 00/100 Dollars (\$500.00) as reimbursement of amounts incurred by OFIS to investigate this matter. Such payment

shall be made via certified U.S. funds, and may be remitted to OFIS directly c/o William Peattie, or to co-counsel for OFIS, Assistant Attorney General Christopher L. Kerr.

6. Respondents and Wellstone agree to be bound by the Orders previously entered in this matter, waive any right to a hearing or an appeal of the Orders, and agree that such Orders are final.

Upon issuance, this Consent Order shall fully and finally resolve any and all administrative claims arising out of or relating to this Enforcement Case.

A handwritten signature in black ink that reads "Linda A. Watters". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Dated: _____

Linda A. Watters, Commissioner
Office of Financial and Insurance Services